

MEMORANDUM FOR THE RECORD

SUBJECT : Transportation of Things

1. The question was raised by Mr. [REDACTED] as to the difference in accounting treatment afforded carrier bills as between the Finance and Fiscal Divisions, when such bills pertained to the cost of transportation from vendor to destination in connection with the procurement of materials.

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2. In reviewing this question it developed that there was an apparent discrepancy between the Agency release (Comptroller Instruction No. 24 - Revised, dated 1 July 1960) and the Budget Bureau (Bureau of the Budget Circular No. A-12 dated 23 July 1960) as it pertained to the object class definition for Transportation of Things, as follows:

- a. Comptroller Instruction No. 24 - Revised, states in part that this class "includes transportation paid by vendors except when material is purchased FOB point of delivery to the Agency".
- b. Bureau of the Budget Circular No. A-12, states in part that this class "excludes transportation paid by a vendor regardless of whether or not the cost thereof is itemized on the bill for the commodities sold".

3. The intent of the wording of Bureau of the Budget Circular No. A-12 was discussed with Mr. Frank Ecker, Budget Bureau, and the undersigned was informed that the interpretation of the wording was, that regardless of the terms of purchase, i.e., FOB Shipping Point or FOB Destination, and regardless of whether the vendor pre-paid the transportation cost on behalf of the Agency or the vendor, that as long as payment for transportation, when as a separate amount or as a part of the material cost, was made to the vendor as opposed to a common carrier, such payments were not to be treated as a transportation cost, but rather as a cost of the material purchased.

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4. This question is hereby referred to the Comptroller's Committee on object classes for the purpose of reviewing the Agency's definition for transportation of things and possible modification thereof.

5. Effective immediately the Finance and Fiscal Divisions are requested to conform to the Budget Bureau policy in this regard and treat such transportation payments to vendors as a charge against subobject 800 or 900 as appropriate.

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CONCUR:

Deputy Comptroller

Date

Distribution:

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TAE: :agb(19 December 1960)